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BEFORE THE ARIZONA CORPORATION COMMISSION  
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COMMISSIONERS

KRISTIN K. MAYES - Chairman  
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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

NOV 27 2009

DOCKETED BY

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DOCKET NO. E-01773A-09-0472

IN THE MATTER OF THE APPLICATION OF  
ARIZONA ELECTRIC POWER COOPERATIVE,  
INC. FOR HEARING TO DETERMINE THE FAIR  
VALUE OF ITS PROPERTY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND REASONABLE  
RETURN THEREON AND TO APPROVE RATES  
DESIGNED TO DEVELOP SUCH RETURN.

**PROCEDURAL ORDER**

**BY THE COMMISSION:**

On October 1, 2009, Arizona Electric Cooperative, Inc. ("AEPCO" or "Cooperative") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase.

On November 2, 2009, the Commission Utilities Division Staff ("Staff") notified the Cooperative that its application was sufficient under the requirements outlined in A.A.C. R14-2-103, and classified the Cooperative as a Class A utility.

On November 9, 2009, Mohave Electric Cooperative, Inc. ("Mohave") filed an Application to Intervene in the Proceeding. Mohave is a member and customer of AEPCO. No party objected to Mohave's intervention.

On November 13, 2009, Staff filed a Request for Procedural Schedule, recommending a procedural schedule agreed to by AEPCO and Staff for consideration by the Administrative Law Judge.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that Mohave's request to intervene is granted.

1 IT IS FURTHER ORDERED that the **hearing** in the above-captioned matter shall commence  
2 on **August 17, 2010, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices,  
3 **Room 222, 400 West Congress, Tucson, Arizona 85701.**

4 IT IS FURTHER ORDERED that a **telephonic pre-hearing conference** shall be held on  
5 **August 12, 2010, at 10:00 a.m.** at the Commission's Tucson offices, Room 218, for the purpose of  
6 scheduling witnesses and the conduct of the hearing. **The parties should contact the Hearing**  
7 **Division at (602) 542-4250 prior to August 11, 2010 to receive instructions for appearing**  
8 **telephonically.**

9 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits (**except that**  
10 **related to rate design and cost of service**) to be presented at hearing on behalf of Staff shall be  
11 reduced to writing and filed on or before **April 30, 2010.**

12 IT IS FURTHER ORDERED that any **direct testimony** and associated exhibits (**except that**  
13 **related to rate design and cost of service**) to be presented at hearing on behalf of intervenors shall  
14 be reduced to writing and filed on or before **April 30, 2010.**

15 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits **related to rate**  
16 **design and cost of service** to be presented at hearing on behalf of Staff and intervenors shall be  
17 reduced to writing and filed on or before **May 14, 2010.**

18 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be  
19 presented at hearing by the Cooperative shall be reduced to writing and filed on or before **June 21,**  
20 **2010.**

21 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be  
22 presented by the Staff or intervenors shall be reduced to writing and filed on or before **July 21, 2010.**

23 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be  
24 presented at hearing by the Cooperative shall be reduced to writing and filed on or before **August 2,**  
25 **2010.**

26 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**  
27 **filing is due, unless otherwise indicated.**

28 IT IS FURTHER ORDERED that **any objections to any testimony or exhibits** which have

1 been prefiled as of August 2, 2010, shall be made before or at the **August 12, 2010** pre-hearing  
2 conference.

3 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which  
4 lists the issues discussed.

5 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to  
6 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is  
7 scheduled to testify.

8 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
9 pre-filed testimony of each of their witnesses and shall file each summary at least two working days  
10 before the witness is scheduled to testify.

11 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding  
12 Officer, the Commissioners, and the Commissioners' aides as well as the parties of record.

13 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
14 105, except that **all motions to intervene must be filed on or before April 15, 2010.**

15 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
16 regulations of the Commission, except that: until July 1, 2010, any objection to discovery requests  
17 shall be made within 7 days<sup>1</sup> of receipt and responses to discovery requests shall be made within 10  
18 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and responses  
19 shall be made in 7 days; the response time may be extended by mutual agreement of the parties  
20 involved if the request requires an extensive compilation effort. All **discovery requests** shall be made  
21 prior to **August 6, 2010.**

22 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a  
23 receiving party requests service to be made electronically, and the sending party has the technical  
24 capability to provide service electronically, service to that party shall be made electronically.

25 IT IS FURTHER ORDERED that in the alternative to filing a written motion to compel  
26 discovery, any party seeking discovery may telephonically contact the Commission's Hearing  
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28 <sup>1</sup> "Days" means calendar days.

1 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a  
 2 request, a procedural hearing will be convened as soon as practicable; and that the party making such  
 3 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the  
 4 hearing provide a statement confirming that the other parties were contacted.<sup>2</sup>

5 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are  
 6 not ruled upon by the Commission within 20 days of the filing date of the motion shall be deemed  
 7 denied.

8 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of  
 9 the filing date of the motion.

10 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date  
 11 of the response.

12 IT IS FURTHER ORDERED that the Cooperative shall provide public notice of the hearing  
 13 in this matter, in the following form and style with the heading in no less than 14 point bold type and  
 14 the body in no less than 10-point regular type:

15  
 16 **PUBLIC NOTICE OF HEARING ON THE**  
 17 **RATE APPLICATION OF**  
 18 **ARIZONA ELECTRIC POWER COOPERATIVE, INC.**  
**DOCKET NO. E-01773A-09-0472**

19 The Arizona Electric Power Cooperative, Inc. ("AEPCO" or "Cooperative") serves the  
 20 power needs of four Class A all-requirements members ("ARMs") comprised of Anza  
 21 Electric Cooperative, Inc., Trico Electric Power Cooperative, Inc., Duncan Valley  
 22 Electric Cooperative, Inc. and Graham County Electric Cooperative, Inc. and two  
 Class A partial-requirements members ("PRMs") comprised of Mohave County  
 Electric Cooperative, Inc. and Sulphur Springs Valley Electric Cooperative, Inc.  
 AEPCO also provides power to various other classes of customers.

23 On October 1, 2009, AEPCO filed an application with the Arizona Corporation  
 24 Commission ("Commission") for an overall rate increase of 2.41 percent, a Debt  
 25 Service Coverage ratio of 1.35 and operating income of approximately \$3.4 million.  
 26 AEPCO's application calls for a decrease of 2.41 percent for the ARM rates and a 5.39  
 percent increase in PRM rates. The impact of AEPCO's proposed wholesale rates on  
 the retail consumer is difficult to estimate because AEPCO's members have different

27  
 28 <sup>2</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations  
 before seeking Commission resolution of the controversy.

1 retail rate levels and structures. In general, however, AEPCO estimates that  
 2 generation rate costs account for approximately 55 percent of the end user's rates.  
 3 Based on that assumption, AEPCO estimates a 1.6 percent decrease in the rates of the  
 4 customers of its ARMs and a 3 percent increase in the rates of the customers of its  
 5 PRMs.

6 If you have any questions concerning how the Cooperative's rate proposal will affect  
 7 your bill or have other substantive questions about this application, you may contact  
 8 the Cooperative at: **[COMPANY SHOULD INSERT NAME, ADDRESS,  
 9 TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER  
 10 CONTACTS CONCERNING THE APPLICATION].**

11 The Commission's Utilities Division Staff has not yet made a recommendation  
 12 regarding the Cooperative's rate proposal, and the Commission will determine the  
 13 appropriate rate relief to be granted based on the evidence of record in this proceeding.  
 14 The Commission is not bound by the proposals made by the Cooperative, Staff, or any  
 15 intervenors and, therefore, the final rates approved in this docket may be lower or  
 16 higher than the rates described above.

#### 17 **How You Can View or Obtain a Copy of the Rate Proposal**

18 Copies of the application and proposed tariffs are available at the Cooperative's  
 19 offices **[INSERT ADDRESS]** and at the Commission's Docket Control Center at  
 20 1200 West Washington, Phoenix, Arizona and its Tucson offices, 400 West Congress,  
 21 Suite 218, Tucson, Arizona and on the internet via the Commission website  
 22 ([/www.azcc.gov/](http://www.azcc.gov/)) using the e-docket function.

#### 23 **Public Hearing Information**

24 The Commission will hold a **hearing** on this matter beginning **August 17, 2010, at  
 25 10:00 a.m.**, at the Commission's offices, Room 222, 400 West Congress, Tucson,  
 26 Arizona.

27 Public comments will be taken at the beginning of the first day of the hearing. In  
 28 addition, written public comments may be submitted by mailing a letter referencing  
 Docket No. E-01773A-09-0472 to Arizona Corporation Commission, Consumer  
 Services Section, 1200 West Washington, Phoenix, AZ 85007, or by email. For a  
 form to use and instructions on how to e-mail comments to the Commission, go to  
[http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf). If you require  
 assistance, you may contact the Consumer Services Section at 1-800-222-7000 or  
 (520) 628-6550.

#### 29 **About Intervention**

30 The law provides for an open public hearing at which, under appropriate  
 31 circumstances, interested parties may intervene. Any person or entity entitled by law  
 32 to intervene and having a direct and substantial interest in the matter will be permitted  
 33 to intervene. If you wish to intervene, you must file an original and 13 copies of a  
 34 written motion to intervene with the Commission no later than **April 15, 2010**, and  
 35 mail a copy of the motion to AEPCO or its counsel and to all parties of record. Your  
 36 motion must contain the following:

- 37 1. Your name, address, and telephone number and the name, address and  
 38 telephone number of any party upon whom service of documents is to  
 be made, if not yourself.

2. A short statement of your interest in the proceeding (e.g., a member/customer of the Cooperative, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Cooperative or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before April 15, 2010. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

**If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket. However, all documents filed in this docket are available online** (usually within 24 hours after docketing) using the Commission's e-Docket function, which is located in the lower right hand corner of the Commission's website homepage, [www.azcc.gov](http://www.azcc.gov). RSS feeds are also available using the Commission's e-Docket function.

#### **ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that AEPCO shall mail to each of its members (all customer classes), and publish at least twice (and at least two weeks apart) in newspapers of local circulation in the service territories of its member distribution cooperatives, a copy of the above notice, the first publication to occur by January 15, 2010, and second notice no later than February 15, 2010. AEPCO shall also arrange to have the notice published in any newsletters published by its member distribution cooperatives, as soon as possible, and prior to March 31, 2010, if possible.

IT IS FURTHER ORDERED that the Cooperative shall file certification of mailing and publication as soon as practicable after they have been completed.

1 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and  
2 publication of same, notwithstanding the failure of an individual customer to read or receive the  
3 notice.

4 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
5 Communications) applies to this proceeding as the matter is now set for public hearing, and shall  
6 remain in effect until the Commission's Decision in this matter is final and non-appealable.

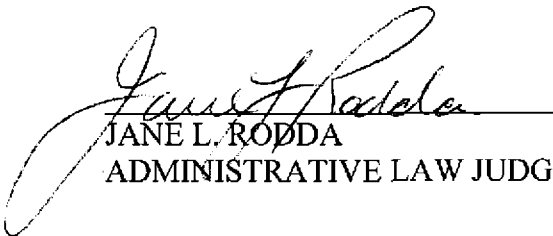
7 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
8 of the Arizona Supreme Court and A.R.S. §40-243 with respect to the practice of law and admission  
9 pro had vice.

10 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
11 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
12 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation  
13 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the  
14 matter is scheduled for discussion, unless counsel has previously been granted permission to  
15 withdraw by the Administrative Law Judge.

16 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
17 pursuant to Rule 6(a) or (3) of the Rules of Civil Procedure.

18 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
19 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

20  
21 DATED this 23<sup>rd</sup> day of November, 2009.

22  
23   
24 JANE L. RODDA  
25 ADMINISTRATIVE LAW JUDGE  
26  
27  
28

1 Copies of the foregoing mailed  
this 23<sup>rd</sup> day of November, 2009 to:

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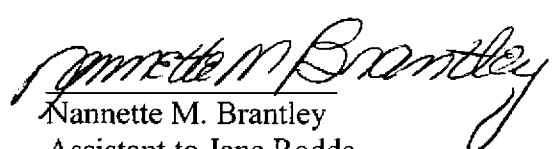
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